

Message Text

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TO AMCONSUL JERUSALEM IMMEDIATE

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C O N F I D E N T I A L STATE 246117

EXDIS, TOSEC 889

E.O. 11652: GDS

TAGS: ENRG, US, JO, XF

SUBJECT: SUN OIL AND ALLEGED U.S. ADVICE ON MIDEAST BUSI-
NESS CONDITIONS

REF: AMMAN 6653

FOR ATHERTON

1. DEPARTMENT HAS EMPHATICALLY NOT DISCOURAGED SUN OIL, AGRICO, TREND, OR NATOMAS FROM INVESTING IN JORDAN OR MIDDLE EAST. ONLY CONTACT BY DEPARTMENT OFFICERS WE KNOW OF WITH SUN OIL WAS ON JULY 29 WHEN WIRTZ CALLED AT NEA/ARN TO DISCUSS INVESTMENT CLIMATE IN SYRIA AND JORDAN. HE WAS INFORMED THAT THE UNITED STATES ENCOURAGES BUSINESS TO GO INTO JORDAN, THE U.S. WOULD VERY MUCH LIKE TO SEE U.S. OIL COMPANIES IN JORDAN, AND JORDAN IS VERY ANXIOUS TO HAVE ITS OIL PRODUCTION CAPACITY DEVELOPED.

2. WE HAVE NOT BEEN CONTACTED BY REPS OF NATOMAS, TREND, OR AGRICO FOR PAST TWO MONTHS, BUT DURING SUMMER WE DID ENCOURAGE THESE FIRMS TO INVEST IN JORDAN, CITING
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STABILITY OF REGIME, IMPROVED PROSPECTS FOR PEACE IN AREA,

AND JORDANIAN DESIRE TO ATTRACT U.S. INVESTMENT. WHENEVER CONTACTED BY U.S. FIRMS ABOUT INVESTMENT CLIMATE IN JORDAN WE HAVE ALWAYS ENCOURAGED INVESTMENT AND TRADE.

3. WE HAVE TALKED WITH JACK O'CONNELL ABOUT ALLEGED TELEGRAM FROM HIS FIRM TO HASSAN. O'CONNELL REPORTS AS FOLLOWS: SUN OIL WAS RECENTLY IN JORDAN TO NEGOTIATE EXPLORATION CONTRACT WITH GOJ; TWO PARTIES WERE WITHIN TALKING DISTANCE BUT DID NOT CONCLUDE AGREEMENT; SUN REP IN FACT WAS NOT EMPOWERED TO SIGN AND SAID HE HAD TO REFER MATTER TO BOARD. WHEN HE RETURNED TO U.S. HE FOUND COMPANY IN PROCESS OF REVIEWING ALL OVERSEAS COMMITMENTS IN LIGHT OF GENERAL INTERNATIONAL ECONOMIC SITUATION. ON BASIS OF THIS REVIEW, SUN DECIDED TO WITHDRAW JORDAN EXPLORATION PROPOSAL. SUN SENT TELEGRAM TO HAWAMDEH OF NRA INFORMING HIM OF DECISION AND ANOTHER TELEGRAM TO JACK SIEGLER OF SNODGRASS ASSOCIATES, A WASHINGTON FIRM WHICH ACTS AS ENERGY CONSULTANT TO GOJ. SIEGLER REPEATED THIS CABLE TO MARWAN QASSIM, HASSAN'S SECRETARY. O'CONNELL FIRM HAS NOT RPT NOT COMMUNICATED RECENTLY WITH HASSAN ON OIL MATTERS AND HAS NOT INFORMED CROWN PRINCE THAT SUN IS BACKING OUT OF EXPLORATION IN JORDAN. O'CONNELL SURMISES THAT HASSAN REFERRING TO TELEGRAM FROM SIEGLER.

4. FYI: O'CONNELL TELLS US THAT JORDAN COULD HAVE CONCLUDED AN DOLS 8 MILLION CONTRACT WITH SUN IN JULY BUT INABILITY OR UNWILLINGNESS OF GOJ NEGOTIATORS ODEH AND HAWAMDEH TO TAKE A DECISION IN MATTER LED INDIRECTLY TO SUN WITHDRAWAL. WITH SUN OUT OF PICTURE GOJ POSTURE VIS A VIS NATOMAS IS WEAKENED SINCE IN ABSENCE OF COMPETITION FROM SUN NATOMAS IS LIKELY TO BE LESS FORTHCOMING. END FYI. INGERSOLL

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